

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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SERVER TECHNOLOGY, INC.,

Plaintiff,

v.

SCHNEIDER ELECTRIC IT CORPORATION,
f.k.a. AMERICAN POWER CONVERSION
CORPORATION,

Defendant.

Case No. 3:06-cv-0698-LRH-(VPC)

ORDER

Before the court is defendant Schneider Electric IT Corporation's ("Schneider") (formerly known as American Power Conversion Corporation) motion to dismiss plaintiff Server Technology, Inc.'s ("STI") claims for patent infringement under the doctrine of obviousness-type double patenting. ECF No. 706. STI filed an opposition to the motion (ECF No. 712) to which Schneider replied (ECF No. 716). STI then filed a sur-reply with leave of court (ECF No. 732) to which Schneider responded (ECF No. 733).

I. Facts and Procedural Background

Plaintiff STI manufactures intelligent power distribution devices. Like STI, defendant Schneider also manufactures intelligent power distribution devices.

In 2006, STI initiated the underlying patent infringement action against Schneider alleging that certain Schneider product designs infringe two of STI's patents: United States

1 Patents numbers 7,043,543 (“the ‘543 patent”) and 7,702,771¹ (“the ‘771 patent”). Specifically,
 2 STI alleges that Schneider’s challenged product lines infringe claim 15 of the ‘543 patent and
 3 claim 15 of the ‘771 patent.

4 On May 26, 2017, after remand of this action from the Federal Circuit,² Schneider filed
 5 the present motion to dismiss STI’s patent infringement claims under the doctrine of
 6 obviousness-type double patenting.³

7 **II. Discussion**

8 In its motion to dismiss, Schneider contends that STI’s ‘771 continuation patent expired
 9 earlier this year on April 9, 2017. However, according to Schneider, the ‘543 patent - which was
 10 filed earlier than the ‘771 patent - does not expire until April 15, 2018, because of longer delays
 11 in processing the ‘543 patent.⁴ Thus, Schneider contends that the earlier filed ‘543 patent is
 12 invalid under obviousness-type double patenting in light of the expiration of the ‘771 patent, and
 13 therefore, STI’s claims for patent infringement should be dismissed. *See* ECF No. 706.

14 In opposition, STI argues that Schneider waived the invalidity defense of obviousness-
 15 type double patenting by failing to raise the defense earlier in this action. *See* ECF No. 712. The
 16 court agrees. The court notes that at no time prior to the Federal Circuit’s limited remand, and
 17 not for several months after remand, did Schneider ever raise or disclose this defense to STI or
 18 the court. As such, STI was not put on notice of the defense during the initial stages of litigation
 19 as required under the local patent rules for the Northern District of California or the generally
 20 recognized duty of a defendant to raise all known defenses to an action in initial pleadings and
 21 motions. *See, e.g., MLC Intellectual Property, LLC v. Micron Technology, Inc.*, 2016 WL
 22 4192009, *2 (N.D. Cal. 2016) (recognizing that defendant Micron “provided adequate notice [to

23
 24 ¹ The ‘771 patent is a continuation of the ‘543 patent.

25 ² For a more thorough discussion of the procedural history of this action, including the limited remand by the Federal
 Circuit, see the court’s February 23, 2017 order (ECF No. 691).

26 ³ The doctrine of obviousness-type double patenting is a judicially created doctrine. *See Boehringer Ingelheim*
Intern. GmbH v. Barr Laboratories, Inc., 592 F.3d 1340, 1347 (Fed. Cir. 2010). Under the doctrine, if a later-
 27 expiring patent is obvious in light of an earlier-expiring patent, then the later-expiring patent is invalid and “the
 patentee can have no right to exclude others from practicing the invention encompassed by the later patent after the
 date of the expiration of the earlier patent.” *Id.*

28 ⁴ For patent applications filed after June 8, 1995, the unadjusted patent term is 20 years after the filing of the earliest
 patent application to which the patent relates, plus processing delays by the Patent and Trademark Office.

1 plaintiff] by alleging the judicially-created obviousness-type double patenting defense in its
2 answer, counterclaim, and invalidity contentions”). The first time Schneider raised this defense
3 was in its “First Amended Supplemental Invalidity Contentions on Remand” served on May 24,
4 2017. This disclosure was right before Schneider filed the present motion and eleven years after
5 this litigation was initiated. During that long litigation history, Schneider filed an answer and
6 counterclaims, a number of motions to dismiss and for summary judgment, engaged in years of
7 discovery on other invalidity defenses, and participated in both a jury and bench trial without
8 ever once raising this defense. The court finds that Schneider’s untimely raising of the defense of
9 obviousness-type double patenting this late in the litigation constitutes a waiver of the defense.


10 Schneider attempts to argue that it had good cause to wait until May 24, 2017, to raise
11 this issue, and therefore, it has not waived the defense. Specifically, Schneider argues that the
12 defense was not ripe until the ‘771 patent expired on April 7, 2017, and thus, it could not have
13 provided notice any sooner in the litigation. Schneider’s argument is in contrast to settled legal
14 authority and, as such, is without merit. “[T]he doctrine of obviousness-type double patenting . . .
15 appl[ies] where two patents that claim the same invention have different expiration dates.” *Abvie*
16 *Inc. v. Mathilda & Terrence Kennedy Inst. of Rheumatology Trust*, 764 F.3d 1366, 1373 (Fed.
17 Cir. 2014). In contrast to Schneider’s argument, the doctrine does not arise solely when one of
18 the patents expires, rather it arises when there are different expiration dates for two patents
19 covering the same or similar invention. *Id.* Recognizing that the defense arises when the patents
20 are issued, rather than when the earlier-expiring patent actually expires, courts regularly address
21 this defense prior to the expiration of the earlier-expiring patent. *See, e.g., Gilead Sciences, Inc.*
22 *v. Natco Pharma Ltd.*, 753 F.3d 1208 (Fed. Cir. 2014) (addressing the issue of obviousness-type
23 double patenting several years prior to the expiration of the earlier-expiring patent and
24 recognizing that the defense arises at the time the patents are issued); *Perricone v. Medicis*
25 *Pharmaceutical Corp.*, 267 F. Supp. 2d 229 (D. Conn. 2003) (recognizing that the issue of
26 obviousness-type double patenting was raised at the beginning of the patent infringement suit so
27 that the parties were put on notice of the defense before the expiration of the earliest-expiring
28 patent); *Boehringer Ingelheim Intern. GmbH*, 592 F.3d 1340 (addressing defendant’s invalidity

1 defense of obviousness-type double patenting before the earlier-expiring patent had actually
2 expired). If, as Schneider contends, the expiration dates of the '543 and '771 patents are easily
3 discernable from the face of the patents themselves, then Schneider should have been aware of
4 this defense at the time the patents were issued and should have raised this defense at that time.
5 Either Schneider neglected to raise this issue earlier in the litigation when it could have, or
6 deliberately delayed in raising the defense in order to deny STI the option of filing a terminal
7 disclosure. Either way, Schneider does not establish the requisite good cause, let alone manifest
8 injustice, or absence of prejudice to STI, so as to be allowed to raise this new affirmative defense
9 this late in the litigation. Therefore, the court finds that Schneider waived its right to raise the
10 invalidity defense of obviousness-type double patenting in this action and shall deny Schneider's
11 motion accordingly.

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13 IT IS THEREFORE ORDERED that defendant's motion to dismiss (ECF No. 706) is
14 DENIED.

15 IT IS SO ORDERED.

16 DATED this 8th day of December, 2017.

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18 LARRY R. HICKS
19 UNITED STATES DISTRICT JUDGE
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